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INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY

RUEHLMC/MILLENNIUM CHALLENGE CORP PRIORITY 0100

RUEHBJ/AMEMBASSY BEIJING 5649

RUEHBY/AMEMBASSY CANBERRA 3321

RUEHLM/AMEMBASSY COLOMBO 1471

RUEHKA/AMEMBASSY DHAKA 1449

RUEHNE/AMEMBASSY NEW DELHI 2456

RUEHUL/AMEMBASSY SEOUL 5154

RUEHKO/AMEMBASSY TOKYO 2756

RUEHWL/AMEMBASSY WELLINGTON 3284

RUEHHK/AMCONSUL HONG KONG 3121

RUEHBAD/AMCONSUL PERTH 1298

RUEAIIA/CIA WASHDC

RUEAWJA/DEPT OF JUSTICE WASHDC

RUEATRS/DEPT OF TREASURY WASHDC

RHEHNSC/NSC WASHDC

RHHJJPI/USPACOM HONOLULU HI

C O N F I D E N T I A L SECTION 01 OF 03 JAKARTA 002151

SIPDIS

DEPT FOR EAP, EAP/MTS, EAP/MLS, INL

INL FOR ROESS/BARCLAY

DEPT FOR EEB/IFD/OMA

DOJ/OPDAT FOR ALEXANDRE/BERMAN/JOHNSON

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E.O. 12958: DECL: 11/21/2018

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SUBJECT: ANTI-CORRUPTION UPDATE -- FULL STEAM AHEAD

REF: JAKARTA 2146 AND PREVIOUS

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Classified By: Pol/C Joseph L. Novak, reasons 1.4(b+d).

¶1. (U) This message was coordinated with Consulate Medan.

¶2. (C) SUMMARY: Indonesia's anti-corruption drive is ramping up. The Corruption Eradication Commission (KPK) and the Attorney General's Office (AGO) have been busy with the conviction of two former central bank officials, the indictment of a member of parliament (DPR), as well as investigations into former cabinet officials. The AGO is also taking steps to root out corruption from among its ranks. In the meantime, numerous Indonesians, increasing the political pressure, are taking to the streets to demand that more be done. END SUMMARY.

PRESSING AHEAD

¶3. (SBU) The anti-corruption drive in Indonesia is on the move. Two former Bank Indonesia (BI) officials were convicted on November 12 for their role in the embezzlement of approximately \$8.8 million worth of BI funds in 2003. The Anti-Corruption Court (ACC) sentenced former BI legal bureau chief, Oey Hoey Tiong, and former BI head of communications, Rusli Simanjuntak, each to four years in prison and fined them. The former BI officials allegedly helped oversee the unlawful disbursement of Indonesian Banking Development Foundation (YPPI) funds to 52 former members of the national legislature (DPR) and five former BI officials in 2003 (see reftels).

¶4. (U) The money involved was given in exchange for

resolving the BI liquidity support scandal, commonly known as "BLBI." The BLBI matter concerns emergency liquidity credits extended by BI to commercial banks during the financial crisis, which began in 1997. Of the \$16 billion in BLBI loans issued since 1997, approximately a third were not repaid.

¶15. (SBU) Separately, Bulyan Royan, a legislator with the Islamic-oriented Reform Star Party (PBR), was indicted in the corruption court on November 20 for extortion and bribery in a case involving the procurement of patrol boats for the Transportation Ministry. Between 2007 and 2008, the Transportation Ministry held a tender worth approximately USD 30 million for the procurement of 21 patrol boats. Royan had served on the Indonesian Parliament (DPR) committee which was responsible for managing state funds earmarked for the project and allegedly demanded 8% of the contracts' total value from the companies competing for the bid.

¶16. (C) In the meantime, the Supreme Court--an institution not publicly regarded as an anti-corruption champion--has been delivering heavier sentences in corruption appeals cases. (Note: In Indonesian legal system, the Supreme Court, as the highest court of appeal, has the authority to increase or decrease fines and/or jail sentences.) On November 18, the Supreme Court denied the appeal of the former mayor of Makassar (a city in central Indonesia) in a corruption case. The Court went on to increase the former mayor's sentence. In a corruption case involving the improvement of facilities at the Nuclear Supervisory Board (Bapeten), the Supreme Court upheld the sentences of two Bapeten officials, increasing their sentences to six years instead of four.

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FORMER MINISTER IN THE SPOTLIGHT

¶17. (SBU) In other news, former Justice and Human Rights Minister Yusril Ihza Mahendra has been questioned by the Attorney General's Office regarding his involvement in the embezzlement of funds at the Ministry of Law and Human Rights. The case involves the unlawful disbursement of funds (approximately USD 33.5 million since 2001) from a legal administration website, designed to facilitate the registration of new companies.

¶18. (SBU) The website was administered by the Ministry's directorate of legal administration and the private firm PT Sarana Rekatama Dinamika. According to investigators, PT Sarana Rekatama Dinamika received 90 percent of the revenues from the website, ministry officials and their wives received 6 percent of the revenues, and only 4 percent went to the ministry itself. Mahendra's wife stated that she used the funds to travel overseas.

¶19. (C) Hafid Abbas, Director General for Human Rights Research and Development at the Ministry of Law and Human Rights, told DepPol/C in a November 13 meeting that the investigation of Mahendra and others for skimming off funds from the website fund would implicate senior ministry officials. Former Justice Minister Hamid Awaluddin also likely would be implicated in using the large slush fund. Romli Atmasasmita, a former Director General at the Ministry of Law and now prominent legal expert and lead member of the Anti-Corruption Court law drafting team, has already been arrested in the case.

AGO FIGHTING CORRUPTION FROM WITHIN

¶10. (SBU) The AGO has also taken steps to implement internal controls and eradicate corruption from within. On October 28, the AGO announced it had fired six prosecutors for bribery, extortion, drug abuse, negligence and disobedience. The AGO questioned Artalyta Suryani, who was convicted for bribing an AGO prosecutor, in an internal investigation

surrounding the bribery scandal. The former Deputy Attorney General for special crimes, the former director of special crimes and 10 other prosecutors are under investigation for their involvement in the case.

ON THE STREETS

¶11. (SBU) Despite the mounting number of convictions of high level GOI officials, the public is taking to the streets, demanding more progress. Dozens of students from the Medan Alliance of Student Body Presidents staged an anti-corruption rally on November 19 in front of the Medan governor's office in North Sumatra. The students demanded that the mayor fire the head of Medan City's Building Planning Agency for allowing the violation of a building permit.

¶12. (SBU) Moreover, religious leaders, in a workshop organized by the Wahid Institute and the Partnership for Governance Reform, have demanded that the DPR begin deliberating the Anti-Corruption Court legislation. (Note: As a result of a Constitutional Court challenge, the DPR has until the end of 2009 to enact legislation regarding the existence and jurisdiction of the Anti-Corruption Court.) Representatives from Nahdlatul Ulama (NU), a mass Muslim organization, the Protestant Indonesian Christian Church (GKI), and the Indonesian Hindu Dharma Association all

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threatened to call on the public not to vote for incumbent lawmakers should they fail to pass the ACC bill before the legislative elections in April 2009.

¶13. (SBU) The Islamic Defenders Front (FPI), a hard-line Muslim organization, held a rally on November 20 in front of the KPK offices. In statements to the press after his meeting with the KPK, FPI Secretary General Ahmad Shobri Lubis said the FPI wants the KPK to take firm action against alleged corrupters like Aulia Pohon (former BI deputy governor and father-in-law to President Yudhoyono's son). The KPK spokesperson, in response to the FPI protest, stated that he "appreciated" the interest of the FPI in the matter, but he urged everyone to respect the legal process.

HUME